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## Iran: Torn by Domestic Disputes

### Persian Gulf Futures II

by Patrick Clawson

#### Conclusions

- The Islamic Republic in Iran no longer has the broad popular support it commanded in the 1980s. The middle aged (especially veterans of the Iraq war) and the young are alienated from at least some aspects of the system.
- Iranian politicians are deeply divided about domestic policy issues, such as cultural liberalization and economic reform. Disputes about these issues, rather than foreign policy concerns, are likely to occupy center stage.
- While an Iranian opening to the West could be broadly popular, it would infuriate the vocal and influential minority for which anti-Americanism is a central principle of Khomeini's legacy.
- Iran is likely to continue its dual-track foreign policy: proclaiming its desire for normal relations with its neighbors while engaging in destabilizing behavior.

#### Background

The Islamic Republic of Iran has not done well at maintaining the popular support it initially had. The young and women are, in general, either disinterested in politics or hostile to radical Islam. War veterans are another important dissatisfied group, who feel they protected the revolution and are now unappreciated. Ethnically, the groups that are not well integrated into the Islamic Republic are the various Sunni minorities, such as the Kurds, the Baluch, the Turkmen, and the Afghans.

Popular attitudes are important, because the Islamic Republic is more subject to public pressure for change than might be expected. Elections are bitterly fought, although within tight bounds: opponents of clerical rule and of radical Islamism are not allowed to run. Four major factions contend, none of which is able to dominate on its own. Despite the setback it received in the May 1997 presidential elections, the *clerical-bazaar alliance* led by Majlis (parliament) Speaker Ali Akbar Nateq Nuri is the most powerful, controlling much of the media and the wealthy revolutionary foundations. That alliance is loosely linked to the *Ansar-e Hezbollah*, an ardent and radical Khomeinist group drawn from the poorer classes. The two factions share a traditionalist outlook that rejects modern culture and politics. A cornerstone of their politics is opposition to what they call Western cultural aggression.

The other two factions are both modernists, heavily influenced by Western ideas, to which they give an Islamic cast. Akbar Hashemi Rafsanjani, president from 1989 to 1997, sympathizes with the *technocratic faction*, most of whom are Western-educated and who value technological and economic development. Mohammad Khatemi, whose presidential term runs from August 1997 to 2001, comes from the *left-wing faction*. That faction has many differences with the technocrats; for instance, on economics it leans towards egalitarianism and social justice. The left-wingers and the technocrats cooperate at present largely because neither can, on its own, defeat the clergy-bazaar alliance. The factional alignment could reshuffle in the mid-term, as it has in the past. In the late 1980s, when the left-wing faction was strong, the technocrats and the clerical-bazaar alliance cooperated against the left-wingers until they won, but they then turned on each other.

### Three Scenarios for Change

Given these trends, Iranian foreign and security policy over the next decade could head in one of three directions. Analysts generally think that any of the scenarios is quite possible. Opinion is divided, however, about which is most likely.

**Scenario 1: Continued Rogue Foreign Policy.** It is slightly more than likely that, over the mid-term, Iran will continue to organize terrorist attacks, sponsor violent opposition to the Arab-Israeli peace process, and develop weapons of mass destruction (WMD). While President Khatemi is a moderate on some matters, his main policy initiatives are likely to be on domestic politics, especially regarding life-style issues such as television, dress restrictions, and cultural freedoms in general. While this will be popular with the young, strong opposition from the traditionalists could lead to clashes, especially in the universities. Khatemi may also attempt economic reforms that could also stir resistance from the traditionalists. His busy domestic agenda makes any bold foreign policy initiatives unlikely. As a concession to the right wing, Khatemi may well continue Iran's dual track foreign policy of speaking about moderation while supporting those who seek to undermine regional security.

Over the long-term, three factors increase the prospect that Iran will continue rogue behavior.

- First is the continued influence of the passionate minority that see the anti-U.S. stance as the key legacy of Khomeini. This view commands much support in the Majlis and with the supreme leader, Ayatollah Khamenei, who largely determines security policy. However popular restoring relations with the United States might be with much of the public, there is limited prospect for such an opening until the leadership is united on the matter.
- A second factor that make rogue policies more likely would be progress at expanding the inventory of WMD to include long-range missiles and nuclear weapons. Tehran's leaders might well decide that with WMD they could intimidate regional states and deter the United States. That would make a continuation of the present rogue policy more likely.
- A third factor that would make continuation of rogue policies more likely would be the perception that Iran need not change to have good business relations with the outside world. For years, Iran's leaders have thought that they could split the Western alliance, by having good economic relations with Europe irrespective of what the United States does. In fact, it will be difficult for the United States and Europe to coordinate their Iran policy, because the U.S. strategy of isolating Iran is fundamentally incompatible with the European strategy of engaging Iran to encourage moderates.

Political isolation suits those who favor economic isolation. Many in the bazaar community are uninterested in a more vibrant industry. Their profits come from imports, paid for by oil exports. Bazaar merchants and the political clerics have formed a powerful lobby for the complex system of government controls, which they manipulate to their immense profit. This lobby is unsympathetic to foreign investment.

***Scenario 2: Eventual Return to the Community of Nations.*** It is slightly less likely that, over time, Iran will develop a more acceptable foreign policy behavior. Khatemi may begin a process of evolution, although he may not make immediate changes in foreign policy. During his election campaign, Khatemi said that Iran should be prepared to talk to any nation if that were in Iran's interest, though he ruled out discussions with Washington as not being in Iran's interests under current U.S. attitudes.

Some in Iran are not wedded to the present confrontational approach. Iran's Jekyll and Hyde approach-normal state-to-state relations with its neighbors while simultaneously acting as a revolutionary underminer of regional moderates-has some advantages for Iran, but it is hard to sustain over the long run. That behavior has undermined the credibility of Iranian officials in the eyes of the EU and the Gulf Cooperation Council (GCC).

Several factors might make Iran more likely to change policies and return to the community of nations.

- One reason would be because Iran decides it cannot prevail against the West. Iranian leaders feel they are being encircled by unfriendly states. They look with alarm at the growing cooperation between the Turkish military and Israel. They are firmly convinced that the Taleban victory in Afghanistan was orchestrated by the United States, Pakistan, and Saudi Arabia, to undercut Iran. And they watch with concern Azerbaijan's growing links with the West, as the Azeri oil industry takes off thanks to Western investment.
- Another factor motivating more acceptable foreign behavior would be if Iranian leaders were to decide that their country's economic deterioration can be reversed only by changing foreign policy behavior. That deterioration may well become a more pressing concern. Oil production is barely growing, while domestic consumption soars, in part because of extensive subsidies. Khatemi forecasts Iran will cease exporting oil in 15 years if current trends persist. Meanwhile, the population boom means Iran has to find jobs for 5 million young men in the next five years, compared to a labor force of 12 million. Only foreign capital can provide the resources to renovate and expand the oil industry while simultaneously creating jobs for the young. In the past, Iranian leaders-especially Rafsanjani-thought they could have normal business ties with the West without changing their aggressive destabilizing behavior.
- Yet another way that Iran might open up is the Gorbachev route. Khatemi's intention is to win back the hearts and minds of the disaffected youth. But he may end up being the Iranian Gorbachev who wants to reform the system to save it but who finds that reforms strong enough to make a difference cause the old system to implode. Much as Rafsanjani came to office in 1989 determined to open up the economy, so Khatemi ran on a program of opening up Iran culturally, which means curbing the power of the revolution's social vigilantes. Only time will tell if Khatemi will be more successful than Rafsanjani, who had to backpedal on his economic reforms-he could not crack the power held by the revolutionary elite, nor was he willing to change the foreign policy behavior that caused the United States to move against Iran economically. Khatemi's reforms may face a similar testing point, when they challenge the basis of the current revolutionary regime.

**Scenario 3: Confrontation with the West Compounding Socio-Economic Problems.** Iran could get caught in a spiraling confrontation with the West. Iranian leaders have a disturbing tendency to regard foreign affairs as a zero-sum game, in which their gains come only at the expense of others. Rather than seeking ways to work with the United States on those specific issues where the two sides have a limited common interest, they have maximized confrontation. Bosnia is an important case in point.

It is unsettling to realize that revolutionary Iran has never learned how to cooperate with other countries, even those sympathetic to it. Iran has essentially no allies; its relations with Syria are strictly limited to mutual convenience.

Iranian leaders sometimes suggest that they do not need the West, because they could construct a strategic alliance with Asia—meaning Russia, China, and India—which would provide oil markets, modern weaponry, political support, and (less plausibly) investment capital. In fact, there is little reason to think that those governments are interested in an alliance with Iran, which has little to offer except as a means to needle the United States. But to the extent that Iran takes this notion seriously, it might take more risky actions toward the West.

Iran has a record of supporting terrorism, as documented by the May 1997 German court ruling that Iran's top leaders directly ordered the 1992 assassination of four Iranian dissidents in the Mykonos restaurant in Berlin. The quasi-governmental 15 Khordad Foundation has a \$2.5 million reward posted for killing Salman Rushdie. It is possible that Iran was behind the June 1996 bombing of the Khobar Towers in Saudi Arabia in which 19 American servicemen died. If Iran persists in sponsoring terrorism in the West, then no matter how well it hides its role, at some point, it may get caught by irrefutable evidence.

If faced with clear evidence of Iranian terrorism against U.S. assets, Washington could well decide on a military strike against Iranian targets. Iran would be likely to respond, quite possibly with more terrorism. Iran might also decide to reactivate the strategy it used during the 1987-88 tanker war; that is, to block use of the Strait of Hormuz by unfriendly shipping. That response becomes more likely if Iran fears that the United States might seize the islands near the Strait that are disputed between Iran and the UAE—something Tehran is prone to do, even though the United States is highly unlikely to take such a step. In short, once violence begins, it could escalate beyond the intentions of either side.

### **Recommendations**

- A vigorous public diplomacy campaign is needed to show that it is Tehran, not Washington, which rejects dialogue. While the United States should make a bid to get talks going, success would be unlikely. The Iranian domestic political scene is not conducive to an early opening to the United States, irrespective of U.S. policy.
- High-level attention is needed to develop a means by which the Western alliance can reach consensus on issues outside of the traditional NATO area, such as on Iran. European-U.S. differences about policy towards rogue regimes, such as the Islamic Republic of Iran, could go from being an irritant to being a serious problem for the alliance.
- The Iranian presidential election shows that the current U.S. policy toward Iran may well work. Iran's leaders are unpopular, especially with the young. If the United States can block Iranian external aggression, then the manifold internal problems may well, in the long term, cause the Islamic Republic to change direction or to fall apart.

- If Iran targets U.S. assets with terrorism, the United States needs to respond. Failure to do so could cause rogues to think they can infringe on vital U.S. interests without paying a price. At the same time, the United States needs to fashion its response in a way that reduces the risk that the United States and Iran become caught in a cycle of action and reaction.

This memorandum draws on a series of workshops with scholars and government policy analysts who examined alternative futures and their policy implications for Iraq, Iran, and Saudi Arabia. The workshops were held in association with the Royal United Services Institute, London, and the Institute for National Strategic Studies, National Defense University, Washington, DC. Dr. Clawson is an INSS Senior Fellow. He can be reached at (202) 685-2217, fax (202) 685-3866, or e-mail [clawsonp@ndu.edu](mailto:clawsonp@ndu.edu).

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